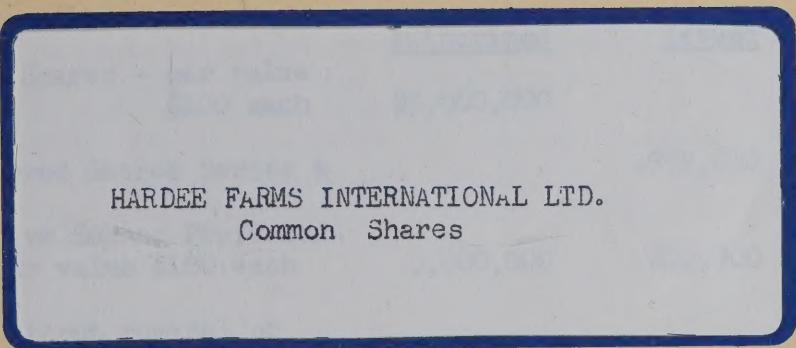


RESEARCH DEPARTMENT ANALYSIS



MAY 21 1959

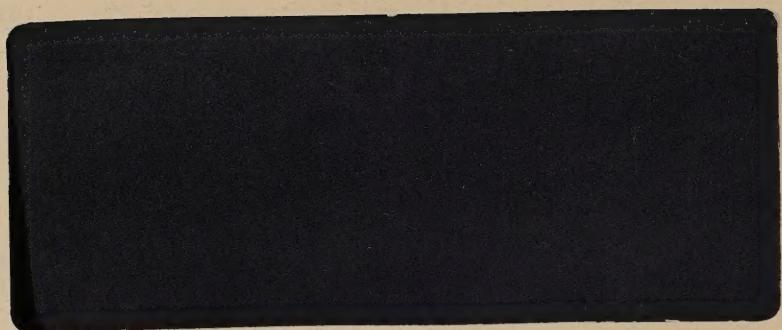


11

Prepared by

DOMINION SECURITIES GRPN. LIMITED

Established 1901



DOMINION SECURITIES COMPANY

Members: THE TORONTO STOCK EXCHANGE
MONTREAL STOCK EXCHANGE
CANADIAN STOCK EXCHANGE

RESEARCH DEPARTMENT

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Associate Member: AMERICAN STOCK EXCHANGE

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HARDEE FARMS INTERNATIONAL LTD. Common Shares

Prepared by

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HARDEE FARMS INTERNATIONAL LTD.

SHARE CAPITALIZATION

Capital Stock: (As at March 20, 1959, after giving effect to recent financing)

	<u>Authorized</u>	<u>Issued</u>	<u>Outstanding</u>
First Preferred Shares - par value \$100 each	\$5,000,000		
6½% First Preferred Shares Series A		\$975,000	\$975,000
6½% non-cumulative Second Preferred Shares - par value \$100 each	5,000,000	822,900	822,900
Common shares without nominal or par value	1,000,000 shs.	535,009 shs.	535,009 shs.

Note: 56,500 common shares are reserved to satisfy options granted to officers of the Company.

SUMMARY AND RECOMMENDATION

The "farming" industry in North America is undergoing a period of important and rapid transition to large industrialized, mass-production, employing the use of mechanized techniques which are approaching automation. Hardee Farms International Ltd. has been formed by management which has been in the forefront of this movement for many years and which has achieved an international reputation for successful large-scale food production and marketing. The Company has the further advantages of large acreages of specially selected soil, well established markets for its products, new and tested growing techniques, and a strong financial position. It has, further, the defensive benefits of diversified products and geographically diversified operations. We estimate that annual earnings may reach in excess of \$5.00 per common share within the next six years of operations.

For these reasons we consider Hardee Farms International Ltd. to possess unusual growth potential, and we recommend the Company's common shares as a speculation for appreciation over the longer term.

HARDEE FARMS INTERNATIONAL LTD.

Hardee Farms International Ltd., ("Hardee International") was incorporated in February 1959 to apply on a large scale and on a diversified, year-round basis, the modern scientific methods of mechanized mass-production, packaging, and marketing of vegetables and other farm produce which the management has successfully introduced and operated at separate locations in Ontario, Quebec, and Florida.

The resulting organization constitutes one of the largest single fresh fruit and vegetable growing packaging and marketing companies in North America, comprising more than 15,500 acres of land specially suitable for vegetable

production, together with three modern plants for vegetable packaging and storage, and a plant for production of milk and dehydrated cattle forage.

In general the operations of Hardee Farms International will be based on the following relatively recent developments in farm production and distribution:

1. Retail Merchandising

Sales of fruit and vegetables through self-service chain stores and "supermarkets", pre-packaged by the producer, now constitute the major percentage of retail sales. Such merchandising represents a permanent advance in efficiency over the former practice whereby fruit and vegetables were displayed in bulk and each customer was served individually. Rising consumer demand for packaged farm produce is making it increasingly important that fruits and vegetables be of competitive and uniform appearance, size, and quality.

2. Marketing and Distribution

With the growth of "supermarket" and chain store food retailing, by far the largest proportion of farm produce for retail distribution through chain and grocery stores, and for wholesale consumers, is now supplied by large, mechanized "mass-production" operations. Holland River Gardens Co., Limited, a major subsidiary of Hardee Farms International, and founded by Mr. Bram Dees, President of Hardee International, has grown to become the largest distributor of Canadian grown fresh vegetables in Canada.

3. Mechanized Mass-Production

New scientific and mechanical methods of farming have made possible major increases in farm productivity and higher standards of quality and size. Large-scale "mass-production" farming enables maximum efficiency in the use of modern machinery. Management of Hardee Farms International, who have pioneered many modern techniques, have found that selected peat or "muck" soil, under certain forms of cultivation and precisely controlled fertilization and irrigation, can be made to yield crops of greatly increased quantity and quality.

4. New Progress in Forage and Livestock Feeding

New mechanized techniques for the care, milking, and feeding of large herds of cows can provide substantial increases in milk production. The Company anticipates that cattle forage to be produced on a large scale on its recently acquired acreage of peat soil in Florida and "flash dried" in its dehydration plant, will provide a profitable product for sale to the Florida dairy industry, and in addition, will increase average milk production of its own dairy herd about 30%, substantially reduce feeding costs, and lengthen the average production life of its cows to at least five years, compared with a present average of three years in South Florida.

Directors

Bram Dees, Willowdale, Ontario.

T.J. Durrance Jr., Lake Placid, Florida

D.R.C. Harvey, Q.C., Toronto

George Horlings, Newmarket, Ontario.

Grant Horsey, Toronto.

W.S. Hulton, C.A., Toronto.

Geoffrey E. Phipps, Toronto.

John J. Trenam, Tampa, Florida.

N. De Young, Lachine, Quebec.

Executive Officers of the Company

The chief executive officers of the company are:

Bram Dees, President

D.R.C. Harvey, Q.C., Secretary

Leslie W. Paszat, Treasurer and Comptroller

OPERATIONS

Hardee International has acquired all the outstanding capital stock of Holland River Gardens Co., Hardee Farms Ltd., and Ottawa River Farms Limited, and a total of 3,635 additional acres adjoining the properties of these companies in Canada. In the U.S.A., Hardee International has acquired about 9,000 acres of land in the southern part of Florida together with the fixed assets of a milk production business and a dehydrated cattle forage business.

Operations of Hardee Farms International Ltd. and its subsidiaries are located as follows:

	<u>Location</u>	<u>Products Grown or Distributed</u>
Holland River Gardens Co. Limited	near Toronto, Ontario	Lettuce, carrots, potatoes, onions, radishes, celery, beets, cauliflower, cabbage and spinach. Packaged, peeled potatoes and potato chips. Prepared and packaged cole slaws and vegetable salads.
Hardee Farms Ltd.	near Montreal, Quebec	Onions, potatoes, carrots, spinach and parsnips.
Ottawa River Farms Ltd.	near Ottawa, Ontario	Potatoes, onions and lettuce.
Florida Operations	near Lake Placid, Florida	Carrots and dry cooking onions, radishes, cucumbers, corn, turnip, greens, lettuce, spinach, celery, cabbage, cauliflower, peppers, parsley. Milk production. Dehydrated forage production.

FLORIDA OPERATIONSExpansion and Diversification Programme

The Company plans to grow vegetables on part of its Florida lands, on a mass-production scale, using mechanical equipment, immediately. It also plans a programme of expansion designed to increase the dairy operations during the next three to five years from the present number of 815 cows and 475 heifers to include from 3,500 to 4,000 milk cows with facilities to milk one cow every thirty seconds on a 24-hour a day basis. Plans also call for the extension of the forage dehydration facilities from the current 12,000 ton capacity to approximately 60,000 tons annually.

The Company believes that profitable citrus growing operations may be conducted on about 1,000 acres of the land it is to acquire. Soil analyses have verified that this land is suitable for citrus production.

Hardee International is also studying the desirability of carrying on a beef fattening programme in conjunction with the dehydrated forage operations. The programme would require a capital investment for additional equipment of less than \$15,000 to handle 1,000 animals at one time. The Company anticipates that the costs of acquiring and fattening the animals would be financed on a current basis and as the fattening period averages about 200 days the programme would provide an early return.



Dominion Securities Corp. Limited

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Quebec City: 42 Fabrique Street 2-8201

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Ottawa: 48 Sparks Street Central 6-7278
Hamilton: 614 Pigott Building,
36 James Street South Jackson 9-7143
Fort William: 310 Grain Exchange Building 2-8838
Kitchener: 251 King Street West Sherwood 3-3607
London: 306 Huron & Erie Building General 2-2209
Brantford: 50 Dalhousie Street Plaza 3-3176
St. Catharines: 12 King Street Mutual 4-5159

MANITOBA

Winnipeg: 280 Smith Street Whitehall 2-3431

ALBERTA

Calgary: 306 Royalite Building Amherst 2-7951
Edmonton: 708 Imperial Bank Building Garden 4-0337

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Vancouver: 201-455 Granville Street Mutual 3-6671
Victoria: 309-612 View Street Evergreen 2-8167

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Philadelphia: 1027 Western Savings Fund Building,
Broad & Chestnut Streets Pennypacker 5-7075
Boston: 1605-140 Federal Street Liberty 2-5700

UNITED KINGDOM

London: 6 Austin Friars, E.C.2 London Wall 6704

Any opinions expressed in this review reflect our judgement at this date based on information from sources which we consider reliable but which we cannot guarantee.

RESEARCH DEPARTMENT ANALYSIS

HARDEE FARMS INTERNATIONAL LTD.
Common Shares

MAY 21 1959

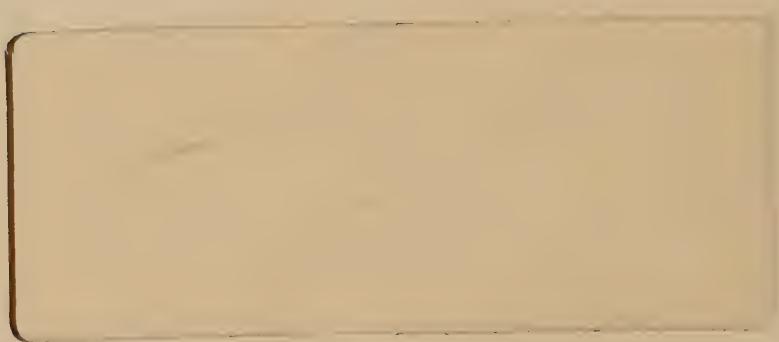


2

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HARDEE FARMS INTERNATIONAL LTD.
Common Shares

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HARDEE FARMS INTERNATIONAL LTD.

SUMMARY AND RECOMMENDATION

The "farming" industry in North America is undergoing a period of important and rapid transition to large industrialized, mass-production, employing the use of mechanized techniques which are approaching automation. Hardee Farms International Ltd. has been formed by management which has been in the forefront of this movement for many years and which has achieved an international reputation for successful large-scale food production and marketing. The Company also has the advantages of large acreages of specially selected soil, well established markets for its products, new and tested growing techniques, and a strong financial position. It has, further, the defensive benefits of diversified products and geographically diversified operations. We estimate that annual earnings may reach in excess of \$5.00 per common share within the next six years of operations.

For these reasons we consider Hardee Farms International Ltd. to possess unusual growth potential, and we recommend the Company's common shares as a speculation for appreciation over the longer term.

CAPITALIZATION

	<u>Authorized</u>	<u>Issued</u>	<u>Outstanding</u>
Total Funded Debt:	\$ 2,763,000	\$ 2,763,000	\$ 2,723,486
Capital Stock:			
First Preferred Shares -			
par value \$100 each	\$ 5,000,000		
6 $\frac{1}{2}$ % First Preferred Shares			
Series A		\$ 975,000	\$ 975,000
6 $\frac{1}{2}$ % non-cumulative Second			
Preferred Shares - par			
value \$100 each	5,000,000	822,900	822,900
Common shares without nominal			
or par value	1,000,000 shares	535,009 shares	535,009 shares

Notes

1. 56,500 common shares are reserved to satisfy options granted to officers of the Company.
2. It is provided, in effect, that no dividends be declared on the common shares while any of the first preferred shares Series A remain outstanding, and unless dividends at the annual rate have been paid on the second preferred shares or second preferred shares have been redeemed to an aggregate par value equal to 6 $\frac{1}{2}$ % of the aggregate par value of the second preferred shares outstanding at the beginning of the year.

The information contained herein has been obtained from sources which we believe to be reliable, but is not, and under no circumstances is to be construed as (1) an offering by us in the United States of America or the territories or the possessions thereof (2) representations by us.

HARDEE FARMS INTERNATIONAL LTD.

Hardee Farms International Ltd., ("Hardee International") has been incorporated to apply on a large scale and on a diversified, year round basis, the modern scientific methods of mechanized mass-production, packaging, and marketing of vegetables and other farm produce which the management has successfully introduced and operated at separate locations in Ontario, Quebec, and Florida.

The resulting organization, which now holds about 25,000 acres of land specially suitable for modern mechanized production methods, constitutes one of the largest fruit and vegetable growing, packaging, and distributing companies in North America. About 5,000 acres will be developed for citrus groves. Hardee is also expanding its established dairy operations, which serve the greater Miami area, from about 1,400 cattle to an objective of 3,500 - 4,000 milk cows. Capacity of its dehydrated forage operation, which sells forage throughout the state of Florida, is being doubled, and forage will be produced in new, pelletized form.

In general the operations of Hardee Farms International will be based on the following relatively recent developments in the industry:

1. Retail Merchandising

Sales of fruit and vegetables through self-service chain stores and "supermarkets", pre-packaged by the producer, now constitute the major percentage of retail sales. Such merchandising represents a permanent advance in efficiency over the former practice whereby fruit and vegetables were displayed in bulk and each customer was served individually. Consumer demand for packaged farm produce is making it increasingly important that fruits and vegetables be of competitive and uniform appearance, size, and quality.

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With the growth of "supermarket" and chain store food retailing, by far the largest proportion of farm produce for retail distribution through chain and grocery stores, and for wholesale consumers, is now supplied by large, mechanized "mass-production" operations. Holland River Gardens Co., Limited, a major subsidiary of Hardee Farms International, and founded by Mr. Bram Dees, President of Hardee International, has grown to become the largest distributor of Canadian grown fresh vegetables in Canada.

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New scientific and mechanical methods of farming have made possible major increases in productivity and higher standards of quality. "Mass-production" farming enables maximum efficiency in the use of modern machinery. Management of Hardee Farms International, who have pioneered many modern techniques, have found that selected peat or "muck" soil, under certain forms of cultivation and precisely controlled fertilization and irrigation, can be made to yield crops of greatly increased quantity and quality.

4. New Progress in Forage and Livestock Feeding

New mechanized techniques for the care, milking, and feeding of large herds of cows can provide substantial increases in milk production. The Company anticipates that cattle forage to be produced on a large scale on its recently acquired acreage of peat soil in Florida, "flash dried" in its dehydration plant and reduced to pellets, will provide a profitable product for sale to the Florida dairy industry. In addition, it is expected to increase average milk production of the Company's own dairy herd about 30%, substantially reduce feeding costs, and lengthen the average production life of its cows to at least five years, compared with a present average of three years in South Florida.

MANAGEMENTDirectors

Bram Dees, Willowdale, Ontario. (President)

T. J. Durrance Jr., Lake Placid, Florida.

D.R.C. Harvey, Q.C., Toronto.

George Horlings, Newmarket, Ontario.

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OPERATIONS

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Operations of Hardee Farms International Ltd. and its subsidiaries are located as follows:

	<u>Location</u>	<u>Products Grown or Distributed</u>
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Ottawa River Farms Ltd.	near Ottawa, Ontario	Potatoes, onions and lettuce.
Florida Operations	near Lake Placid, Florida	Carrots and dry cooking onions, radishes, cucumbers, corn, turnip greens, lettuce, spinach, celery, cabbage, cauliflower, peppers, parsley. Milk production. Dehydrated forage production.

FLORIDA OPERATIONSExpansion and Diversification Programme

Hardee Farms International has acquired a total of 18,000 acres in Florida, bringing holdings in U.S.A. and Canada to a total of 25,000 acres. The Company has announced that it will immediately enter the citrus industry by developing about 5,000 acres of its Florida holdings for citrus groves.

Surveys conducted by the Company over a period of time have indicated that the type of soil acquired by the Company is ideally suited for modern mass production of fruit, vegetables, milk, and cattle forage by the methods which the Company has successfully developed. Virtually all the soil of this type found in Florida is now owned by Hardee International.

Vegetable Production and Research

The Company will grow vegetables in Florida on a mass production scale immediately. The methods used will be similar to those proven successful in Canadian operations, such as mechanical seeding, fertilizing, harvesting, and packaging for shipment and direct sale through "supermarkets" and other outlets. Vegetables and fruit will be sold in Canada in the winter season as well as in the U.S.A.

The Company considers it an excellent indication of the success of this undertaking that between 200 and 300 acres of vegetables have been planted in March, 1959 and most of this has been carrots and onions which were above the ground in five days.

Hardee International is undertaking the development of new strains of vegetables, etc. and in this connection, is acquiring the services of an outstanding research expert.

Dairy Operations

The Company markets milk in an area which includes the Greater Miami area. The population of Dade County, consisting of the Greater Miami area, has increased from 268,000 in 1940 to 704,000 in 1955 and is estimated by the Miami-Dade County Chamber of Commerce to reach 1,400,000 by 1968.

Hardee International obtained an average milk production per cow of 8,100-lbs. in 1958 as compared with an average for Florida of less than 6,000-lbs. per cow for 1957.

The Company plans to expand dairy operations during the next 3 - 5 years from the present number of about 1,400 animals to from 3,500 - 4,000 milk cows with facilities to milk one cow every thirty seconds on a 24-hour a day basis.

Dehydrated Forage Production

There is a shortage of high quality dry cattle forage in Southern Florida, resulting in forage being imported from as far away as the Mid-Western section of the United States. Such imported alfalfa meal forage has a selling price of around \$70 per ton, compared with \$40 - \$50 for the dehydrated forage which Hardee International produces, and which contains a much higher vitamin and protein content and, therefore, results in better milk production.

The Company reduces the moisture content of various grains and forages from 70% to about 10% by dehydration, and at present, this production is sold in bales throughout Florida. Work is commencing at ~~case~~ to expand capacity from the present level of about 12,000 tons annually to from 20,000 - 25,000-tons annually. Equipment is also being installed to enable the Company to produce this forage in the form of small pellets, which improve marketability, and provide for a larger consumption per animal.



Dominion Securities Corp. Limited

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Boston: 1605-140 Federal Street Liberty 2-5700

UNITED KINGDOM
London: 6 Austin Friars, E.C.2 London Wall 6704

Any opinions expressed in this review reflect our judgement at this date based on information from sources which we consider reliable but which we cannot guarantee.

